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ER 85-47674/1

EXECUTIVE SECRETARIAT

ROUTING SLIP

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17	NIO/ECON		X		
18	D/OGI		X		
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SUSPENSE _____
Date _____

Remarks

STAT

Executive Secretary
7 Jan 86

Date

3637 (10-81)



1-300B

MINUTES
ECONOMIC POLICY COUNCIL

December 5, 1985
10:00 a.m.
Roosevelt Room

Attendees: Messrs. Baker, Block, Miller, Yeutter, Darman, Whitfield, Moore, Poindexter, Kingon, McAllister, Svahn, Daniels, Gibson, Khedouri, McMin, Smart, Stucky, and Ms. Risque.

1. Canadian Free Trade Agreement

Ambassador Yeutter stated that he and Mr. Whitehead had discussed with the Canadians the idea of the President notifying Congress of his intentions to begin to negotiate a free trade arrangement with Canada after the State of the Union Address. He reported that the Canadians would prefer that the President notify Congress as soon as possible.

2. Textile Trade Issues

Ambassador Yeutter suggested that, in anticipating a Presidential veto of the textile bill, the Council should consider policy steps that might be helpful in preserving a veto override. He offered a proposed negotiating outline, which included proposals regarding Japan and the "Big Three," Korea, Taiwan, and Hong Kong.

The Council's discussion focused on the need for such a policy at this time. Several members of the Council expressed skepticism that announcing such a policy might be helpful in ensuring a veto override.

Secretary Baker suggested that the veto message should simply announce the policy agreed upon at the September 24 Economic Policy Council meeting: The Administration will aggressively seek to renegotiate the multifiber arrangement (MFA) at terms no less favorable than present.

Ambassador Yeutter suggested that the veto message on the textile bill might also include a statement that the Administration will seek to avoid surges in imports and enforce the country of origin rules. Mr. Darman cautioned that the textile veto message should not promise more than the President can deliver or it would be counterproductive.

Minutes
Economic Policy Council
December 5, 1985
Page two

Decision

The Council agreed that the textile veto message should state that the Administration will aggressively seek to renegotiate the MFA on terms no less favorable than present.

3. Omnibus Trade Legislation

Ambassador Yeutter stated that Senator Danforth's omnibus trade bill contains several provisions that are not acceptable to the Administration. He pointed out that the bill would tie our hands in the new GATT round; place constraints on presidential discretion in Section 201 cases; provide for targeting in section 301 cases; and shorten the timetable on a number of actions. He also noted that Senator Danforth's bill contains a number of international monetary policy proposals.

The Council discussed the prospects for trade legislation in 1986. Mr. Darman cautioned that there may be a resurgence in protectionism, making it unlikely that the Administration could accept an omnibus trade bill. He suggested that the Administration should establish trade legislation priorities and seek to enact them in separate bills, rather than a single large bill.

Ambassador Yeutter noted that there is a great deal of disagreement within the Congress on trade and trade legislation. He suggested that support for Senator Danforth's omnibus bill may not be as strong as now appears.

4. Update on Farm Legislation

Secretary Block provided a brief update on the status of the farm bill and farm credit legislation. He noted that he and Mr. Miller had sent a letter to the farm bill conferees outlining the Administration's policy objectives, including a target cost of \$50 billion. He also stated that the Senate farm credit legislation contains the restructuring and regulatory reforms proposals the President is seeking. He noted that the Senate bill also provides the Secretary of the Treasury discretionary authority to purchase Farm Credit System Capital Corporation Securities, but only after going through the appropriations process.

EXECUTIVE SECRETARIAT
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SUSPENSE _____
Date _____

Remarks

ER

STAT

Executive Secretary
4 DEC 85
Date



3637 (10-81)

THE WHITE HOUSE
WASHINGTON

Executive Registry	
85-	4767

CABINET AFFAIRS STAFFING MEMORANDUM

Date: 12/4/85 Number: 317033CA Due By: _____
Subject: Economic Policy Council Meeting -- December 5, 1985 --
11:00 A.M. -- Roosevelt Room
1000

ALL CABINET MEMBERS	Action	FYI		Action	FYI
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CEA	<input checked="" type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CEQ	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OSTP	<input type="checkbox"/>	<input type="checkbox"/>
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HUD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Svahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Chew (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Hicks	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Education	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
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USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Executive Secretary for:	<input type="checkbox"/>	<input type="checkbox"/>
GSA	<input type="checkbox"/>	<input type="checkbox"/>	DPC	<input type="checkbox"/>	<input type="checkbox"/>
EPA	<input type="checkbox"/>	<input type="checkbox"/>	EPC	<input type="checkbox"/>	<input type="checkbox"/>
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OPM	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
SBA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

The Economic Policy Council will meet on Thursday, December 5, 1985, at 11:00 A.M. in the Roosevelt Room.
10:00

The agenda and background papers are attached.

RETURN TO:

- ☒ Alfred H. Kingon
Cabinet Secretary
456-2823
(Ground Floor, West Wing)
- ☐ Don Clarey
☐ Rick Davis
☐ Ed Stucky

DCI
EXEC
REG
A-300B

THE WHITE HOUSE

WASHINGTON

December 4, 1985

MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: EUGENE J. McALLISTER *EU*

SUBJECT: Agenda and Paper for the December 5 Meeting

The agenda and paper for the December 5 meeting of the Economic Policy Council is attached. The meeting is scheduled for ~~11:00~~^{12:00} a.m. in the Roosevelt Room. Attendance is limited to principals only.

The first agenda item will be a discussion of textile trade issues. No papers will be distributed in advance of the meeting.

The Council will also review recent trade legislative developments and prospects. A paper comparing the major provisions of the Administration's trade proposals with the House Republicans' and Senator Danforth's trade bills is attached.

Attachment

THE WHITE HOUSE
WASHINGTON

ECONOMIC POLICY COUNCIL

December 5, 1985

11:00 a.m.

Roosevelt Room

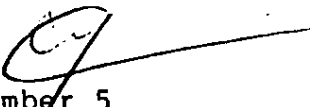
AGENDA

1. Textile Trade Issues
2. Omnibus Trade Legislation

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

December 3, 1985

MEMORANDUM

To: Economic Policy Council
From: Clayton Yeutter 
Subject: EPC Meeting December 5

As you know, at the EPC meeting on Thursday we will review recent trade legislative developments and prospects. For your background information, attached is a chart comparing the major provisions of the Administration's trade proposals (as already approved by the EPC) with the provisions of bills introduced by Representative Michel (H.R.3522) and a bipartisan group of senators including Jack Danforth (S.1860).

Attachment

COMPARISON OF MAJOR PROVISIONS IN ADMINISTRATION'S TRADE PROPOSALS AND HOUSE REPUBLICAN
(H.R. 3522) AND SENATOR DANFORTH'S (S. 1860) TRADE BILLS

Administration

New Round
Authority

For five years, authorizes tariff negotiations outright and nontariff negotiations subject to fast track review procedures. Would also provide compensation authority for tariff increases because of Congressional action or Customs reclassification.

H.R. 3522

Sec. 103. Expresses "the sense of Congress" that the President should initiate a new GATT Round which should (among other objectives):

- o improve dispute settlement,
- o bring developing countries into full participation in the international trading community, and
- o ensure that all developed countries share equally the responsibility for advancing developing country economies.

Sec. 103 does not mention full reciprocity (as does the summary of it), and does not authorize use of fast track procedures.

S. 1860

Title IV. Sec. 402 authorizes for five years (beginning in 1988) use of legislative fast track procedures to implement any tariff and nontariff agreements, provided the Finance and Ways and Means Committees approve use of fast track based on extent to which specific negotiating objectives (listed in sec. 404) are achieved, including:

- o development of rules for services, investment and intellectual property rights,
- o expanded coverage of Government Procurement Code,
- o GATT graduation of advanced developing countries,
- o revision of GATT balance of payment article to reflect floating exchange rate system,
- o accelerated implementation of trade concessions by countries with persistent current account surpluses,
- o enhanced transparency, as through substitution of tariffs for QR's,
- o increased GATT coordination with IMF, IBRD in their dealings with LDC debtors,
- o minimum workplace standards to prevent human rights abuses,
- o provision of similar subsidy rules for industrial and agricultural products,
- o improved dispute settlement, and
- o definition and discipline of negative trade effects of certain practices not covered by GATT, including natural resource subsidies, targeting, upstream subsidies and downstream dumping.

Administration

H.R. 3522

S. 1860

New Round
Authority (Cont'd)

Requires consultations with Congressional and private sector advisers, public hearings, and ITC advice. Also requires annual Congressional briefings on prospects for achieving specific negotiating objectives and other countries' demands.

Sec. 405 authorizes President for five years (beginning in 1988) to impose or increase duties in lieu of a QR, or to auction import licenses in administering QR's.

Bilateral,
Plurilateral
Negotiating
Authority

In providing new round authority, authorizes plurilateral and bilateral agreements as well as multilateral agreements.

Sec. 104. Requires President to begin Canadian trade negotiations if Canada requests them; reduces 60-day period in sec. 102(b) of the Trade Act to 30-day period for Canada; and requires USTR to identify other possible free trade area partners, in part on the basis of their extension of reciprocal treatment to U.S. goods and services.

Authorizes tariff and nontariff barrier trade agreements with any number of other countries, subject to fast track Congressional review, provided Finance and Ways and Means Committees approve based on extent to which specific negotiating objectives are met. (See New Round Authority, supra.)

Administration

H.R. 3522

S. 1860

Other Negotiating
Authority -
Alaskan Oil

Sec. 105. For one year, authorizes President (through USTR) to negotiate an agreement with Japan (subject to fast track Congressional review) to permit exports of Alaskan petroleum and natural gas in return for substantial GJ concessions on imports of important U.S. exports.

Commission on
Trade

Sec. 101. Establishes a Commission on Trade (at least ten members, including two House and two Senate members) to review trade policies and practices and to report findings and recommendations to the Congress within six months (to provide an informed basis for negotiations and summit).

International
Trade Summit

Sec. 101(d). Expresses sense of Congress that President should determine appropriateness of convening a summit conference on international trade.

Negotiating
Priorities

Sec. 109. Requires USTR, in the annual market barriers report, to assess overall reciprocity for U.S. goods, services and investment by each major trading partner; and requires Senate Finance and Ways and Means Committees (within 90 days of receiving market barriers report) to hold hearings and issue a joint report recommending negotiating priorities and candidates for self-initiated investigations under sec. 301.

Title IV. Establishes specific negotiating objectives for new round.

Administration

H.R. 3522

S.1860

Intellectual
Property
Rights.

Provides:

- o process patent protection,
- o longer patent term for agricultural chemicals to compensate for marketing time lost while waiting for EPA approval,
- o deletion of the injury and industry requirements in sec. 337 patent, trademark, and copyright cases (with no effect on grey market issue),
- o more liberal licensing of technology under the antitrust laws,
- o prevention of patent misuse, by amending the patent laws to render a valid patent unenforceable only if meaningful economic analysis under the antitrust laws demonstrates that a licensing practice would have an anticompetitive effect, and
- o codification of Lear v. Adkins, that while a licensee cannot be estopped from challenging a patent's validity, he may be required to continue to pay royalties.

Sec. 112. Amends sec. 337 to require ITC decisions within 8/10 months, and to authorize discretionary interim relief in copyright and patent infringement cases.

Sec. 201. Provides process patent protection.

Sec. 221. Provides protection against FOIA abuse through notice and opportunity to oppose release to affected persons.

Title VIII. Sec. 801 amends Sec. 337 to:

- o eliminate injury requirement,
- o allow owner of intellectual property rights to meet "industry" definition,
- o enhance penalties for violations of intellectual property rights.

Sec. 802 provides process patent protection.

Sec. 803 provides a longer patent term for agricultural chemicals.

Administration

H.R. 3522

S.1860

Mixed Credit
Fund

On September 26, Treasury transmitted to the Congress a proposal to promote U.S. exports through authorization and appropriation of approximately \$300 million in grant funds, to enable the Administration to offer \$1 billion in mixed credit loans to targeted buyers.

Sec. 303(a). Directs Treasury to develop a program of mixed credit financing for exports, to offset subsidized financing by our trading partners. Does not authorize or appropriate funds.

Title IX. Sec. 903 establishes a \$300 million competitive export subsidy fund (S.1763).

Foreign Corrupt
Practices Act

Reduces FCPA export disincentives by clarifying foreign agent liabilities and accounting provisions.

Title IV.

Title IX. Secs. 911-919 incorporate Chafee/Reinz bill (S.430) reducing FCPA export disincentives by clarifying foreign agent liabilities and accounting provisions.

Telecommunications

Requires identification of significant obstacles to telecommunications products and services of U.S. firms-subidiaries. Authorizes negotiations to achieve fair and equitable foreign market opportunities, subject to fast track Congressional review. Authorizes sec. 301 retaliation, also subject to fast track review. If U.S. retaliation found inconsistent with obligations by an international dispute settlement body, authorizes compensation without fast track requirement.

Sec. 307. (Not a reciprocity provision). Modifies the 1982 Western Electric divestiture order by allowing Bell operating companies (BOC's) to manufacture telecommunications equipment and customer premises equipment in U.S. if Commerce concludes that:

- o each BOC offers equal access to inter-exchange carriers and information service providers as contemplated by divestiture order; and
- o there is no substantial possibility that any BOC could impede competition.

Administration

H.R. 3522

Nonmarket Economy
Trade Remedy

Proposes a predictable pricing test to replace the AD and CVD laws for imports from NME's. (The TPRG has not yet agreed on the specifics, however.)

Section 301
Amendments

Limits time for dispute settlement to 24 months. Allows extension at petitioner's request.

Sec. 108. Authorizes USTR to recommend tariff increases, suspension of duty-free treatment, QR's, or other actions withdrawing benefits of trade concessions. Authorizes President, in the national interest, to reject USTR's recommendation and not to take any action or to take different or additional action. Requires President to report to the Congress, which may (within 90 days) pass joint resolution to effect USTR recommendation if President rejected it.

In formulating recommendation, USTR must determine whether country in question "provides reciprocity in overall trade to United States exports, and assess the degree to which lack of overall reciprocity, if any, contributes to any burden on or restriction to United States commerce." (Subsec. (d)) If USTR determines that lack of reciprocity is an important contributing factor in that country's trade practices, then he must include in his recommendation action vs. that country's two largest exports to U.S. (on basis of value).

S.1860

Title VII. Sec. 701 amends antidumping law for nonmarket economy imports to compare U.S. price of such products with the trade-weighted average U.S. import price for similar merchandise produced by eligible market economy producers.

Title II. Sec. 202 amends Sec. 181 to require USTR annually to self-initiate investigations under Sec. 301 based on National Trade Estimates Report, focusing on most onerous foreign barriers and representing a substantial amount of U.S. trade.

Sec. 203 transfers Sec. 301 authority from President to USTR.

Sec. 204(a) further defines injury to include the threat of a burden or restriction on U.S. commerce, and gives examples of burdens.

Sec. 204(b) adds GSP withdrawal and offsetting settlements (acceptable to petitioner and affected industry) to retaliatory options. Adds "targeting" (including anticompetitive practices, infant industry protection, export subsidies to third country markets, and diversion of trade into the U.S.) to Sec. 301 causes of action.

Sec. 204(c) expands the definition of "unreasonable" expressly to cover infant protection and lack of protection against anticompetitive practices.

Sec. 205 requires USTR to determine and publish whether foreign practice violates a trade agreement or is unjustifiable, unreasonable or discriminatory within 90 days of initiation.

Sec. 206 authorizes compensation for retaliation if the President determines it is necessary to meet U.S. international obligations.

Administration

H.R. 3522

S.1680

Section 201
Amendments

Requires ITC to assess petitioning industry's prospects for adjustment to changing conditions of competition; provides some type of fast track procedure for perishable agricultural commodities (although the TPRG has not yet agreed on the fast track specifics, however).

Sec. 106. Transfers sec. 201 authorities from President to USTR; allows President, in international economic interest, to reject USTR recommendation within 15 days (subject to Congressional joint resolution within 90 days), and in such cases requires him to report his reasons to Congress. Authorizes interim relief (at any time) in the event USTR determines that imports are in such increased quantities as to be a substantial cause of an imminent threat of serious injury (excluding normal seasonal fluctuations).

Sec. 107. Provides fast track relief for perishable agricultural products (14 days for USTR, in consultation with USDA, to decide whether there is a reasonable indication that imports are a substantial cause of serious injury and whether emergency action is warranted; and seven days thereafter to provide relief if former decisions were affirmative).

Title III. Sec. 305 limits Presidential discretion if petitioners (labor and management) develop an adjustment plan and the ITC finds it would likely result in sufficient adjustment to make industry competitive. In such cases, requires President to provide substantially equivalent relief to that recommended by ITC unless he obtains fast track Congressional approval of legislation implementing the import relief, if any, the President has determined to take. Does not change current law if petitioners do not develop a plan, the ITC finds it inadequate, or the ITC finds no injury. Allows President to terminate or modify import relief if industry fails to comply with plan, and such failure is not justified by changed circumstances and adversely affects overall implementation of the plan's objectives.

Sec. 301 expands threat of injury to include evidence of targeting.

Sec. 302 requires President to impose provisional measures in Sec. 201 cases if he finds critical circumstances (i.e., surging imports would cause damage difficult to repair).

Sec. 303 provides accelerated Sec. 201 procedures for agricultural perishable products (possibility of emergency relief within 21 days).

Sec. 304 requires the ITC to evaluate the effectiveness of import relief after it is terminated.

Sec. 306 expands Presidential (not ITC) remedies to include accelerated AD/CVD cases, limited antitrust exemptions and multilateral negotiations.

Administration

H.R. 3522

S.1860

Sec. 307 provides possibility of ITC 60-day review of its 1985 unanimous affirmative footwear determination. If review is requested and ITC affirms its injury determination, President must make his determination within 30 days.

AD/CVD
Amendments

- o Streamlines judicial review of AD/CVD cases by bypassing the Court of International Trade.
- o Makes it easier for ITC to find "critical circumstances" by establishing criteria.
- o Interprets "international obligations of the U.S." as substantive, reciprocal obligations.
- o Preserves CVD orders when dutiable merchandise found subsidized under sec. 303 becomes duty-free and eligible for an injury test until ITC makes an injury determination.
- o Codifies the commitments policy (that is, specifies the conditions under which LDC's may obtain the injury test in subsidy cases).
- o Clarifies that petition filing requirements are less exacting for small businesses.
- o Effects technical corrections to the AD/CVD provisions of the Trade and Tariff Act of 1984, and other technical amendments.
- o Proposes a predictable pricing test to replace the AD and CVD laws for imports from NME's. (The TPNG test will not depend on the specifying

Title VII. Sec. 701 amends antidumping law for nonmarket economy imports to compare U.S. price of such products with the trade-weighted average U.S. import price for similar merchandise produced by eligible market economy producers.

Administration

H.R. 3522

S.1860

Measures Related
to Exchange Rate
and Debt

Sec. 102. Expresses sense of Congress that President should immediately call for an international monetary conference to be convened to develop options for reforming institutional mechanisms to prevent dramatic fluctuations in currency values, and for increasing trade, reducing interest rates, promoting economic growth and assuring price stability.

Title V. Sec. 502 states policy to coordinate monetary/fiscal policies and central bank participation in international currency matters.

Sec. 503(a) requires President, within 6 months, to enter into G-5 negotiations to improve functioning of international monetary system, to enhance G-5 role in fiscal/monetary coordination, and to achieve reciprocal investment opportunities.

Sec. 503(b) provides for establishment of a Strategic Exchange Reserve to moderate exchange rate fluctuations.

Sec. 504 requires semiannual Presidential reports to the Congress on negotiations under Sec. 503(a).

Sec. 513 provides additional funds (through increased Ex-Im loan guarantee authority and additional leveraging for World Bank loans, at no budgetary cost to U.S.) to LDC debtors that remove trade and investment barriers. Authorizes President to negotiate with OECD and MDB members to eliminate official financing for, or MDB assistance to, new mining or production facilities for commodities in oversupply. Calls for negotiated termination of IMF Compensatory Financing Facility and transfer of its assets to IMF's general resources.

Sec. 514 requires annual reports by the President to Congress on his efforts relating to developing country debtors.

Administration

H.R. 3522

S. 1860

Role of the U.S. Executive Directors to the Multilateral Development Banks

Sec. 305. Requires the U.S. Executive Director to each multilateral development bank to promote procurement opportunities for U.S. firms related to assistance provided by such bank by:

- o keeping U.S. firms fully informed of bidding opportunities in recipient countries;
- o assisting U.S. firms in focusing on those projects in which they have a particular interest or competitive advantage;
- o where appropriate and when required, helping U.S. firms to complete and submit accurate and timely bidding documents;
- o thoroughly investigating any complaints about the awarding of contracts; and
- o ensuring that contract procedures and rules are strictly observed.

Urges Commerce to detail a foreign commercial service officer to each such U.S. Executive Director's office.

Sec. 921. Expresses sense of Congress that the U.S. Executive Director to each Multilateral Development Bank should promote procurement opportunities for U.S. firms by:

- o keeping U.S. firms fully informed of bidding opportunities in recipient countries;
- o assisting U.S. firms in focusing on those projects in which they have a particular interest or competitive advantage;
- o where appropriate and when required, helping U.S. firms to complete and submit accurate and timely bidding documents;
- o thoroughly investigating any complaints about the awarding of contracts; and
- o ensuring that contract procedures and rules are strictly observed.

Expresses sense of Congress that a foreign commercial officer should be assigned to each such U.S. Executive Director's office.

Administration

H.R. 3522

S. 1860

Ambassador's Report
on Export Promotion

Sec. 306. Requires U.S. ambassadors to important trading partners where significant potential for U.S. export sales exists to report annually to the President and the Congress on the Embassy's efforts to assist U.S. industry in expanding export sales in that market and in improving its market position relative to other foreign competitors.

Title IX. Sec. 921 requires U.S. Ambassadors to important trading partners where significant potential for U.S. export sales exists to report annually to the President and the Congress on the Embassy's efforts to assist U.S. industry in expanding export sales in that market and in improving its market position relative to other foreign competitors.

Other Export Related Measures

Title IX. Sec. 921 strengthens Foreign Commercial Service.

Sec. 922 requires trade impact statements for legislation and major Executive Branch and regulatory agency decisions affecting U.S. trade competitiveness.

Sec. 923 establishes Commerce responsibilities for collecting and disseminating trade information.

Worker Training

The Administration has asked the Congress for an additional \$100 million for discretionary funding under the Job Training Partnership Act, Title III, to train workers displaced because of imports.

Sec. 110. Extends training and job search and relocation allowances under the trade adjustment assistance program for 2 years. Places emphasis on providing better information to the worker on available training, broadening the types of training available, and encouraging businesses to provide training for trade-impacted workers. Continues existing law allowing workers to collect unemployment compensation benefits while in TAA training. Provides for reimbursement of the training costs by Labor directly to any certified worker, or to a business providing training (for 80% of the training costs per worker). Provides for periodic publication of up-to-date

Title VI. S. 1544 (Roth/Moynihan) as reported by Senate Finance Committee. Links benefits to re-training and provides for small import fee to fund TAA program.

Administration

H.R. 3522

S.1860

Section 232
Amendment

Sec. 111. Requires President to announce his decision to take (1) action as recommended by the Secretary, (2) alternative action, or (3) no action, within 90 days after receipt of a recommendation by the Secretary. Requires such announcement on any pending case within 60 days of enactment.

Title X. Sec. 1002 requires the President to implement the Secretary of Commerce's recommendations within 90 days unless the President earlier makes a determination based on the Commerce recommendations.

Requires immediate implementation of Commerce's recommendations in any case that has awaited Presidential decision more than 90 days (machine tools).

Entry Processing for
Textiles and Apparel

Sec. 113. Sets forth Congress' determination that it is vital to the MFA's purpose that bilateral limitations on shipments of textiles and apparel, and periodic adjustments thereto should be carried out on a timely basis to respond to the changing U.S. market.

Customs Service
Personnel and
Operations

Sec. 114. Requires Commissioner of Customs to increase the number of inspectors, import specialists and customs patrol officers by at least 200 (beyond September 30, 1985 level); to implement as soon as possible the Automated Commercial System; and to implement, on a priority basis, a program for detecting, investigating and prosecuting patent and copyright infringement cases. Requires Commissioner to report quarterly to the authorizing and appropriating committees on the efforts and results under this program.

13

Administration

H.R. 3522

S. 1860

R&D

Sec. 212. Authorizes federal agencies to permit their labs to enter into cooperative R&D arrangements.

Sec. 213. Provides for distribution of royalties earned in cooperative R&D arrangements under sec. 212.

Tax Benefits on R&D

Sec. 521. Expands credit for university basic research.

Sec. 522. Provides deduction for certain scientific and technological property.

Sec. 523. Excludes from gross income certain scholarships, grants, and student loan forgiveness.

Export Trading Company Act

Sec. 301. Permits export trading companies to increase their level of leveraging from the present 10 to 1 ratio to 20 to 1. Allows bank holding companies and Edge Act companies to increase their investment in ETCs from 5% to 10% of consolidated capital and surplus.

Eximbank

Sec. 302. Proposes continuation of expansion of Exim's efforts to promote exports for small, medium-sized, and minority businesses or agricultural concerns. One year after enactment requires Board of Directors to report to Congress on the implementation of these activities.

Edge Act Corporations

Sec. 304. Amends International Banking Act of 1978 to grant Edge Act corporations access to the Federal Reserve's discount window without requiring them to become Federal Reserve members. Eliminates statutory limitations on investments by a Federal bank in Edge Act corporations, and authorizes the Federal Board to determine amounts of aggregate and individual investments in Edge Act corporations.

Administration

H.R. 3522

S. 1860

GSP Graduation

Title VI. Sec. 602 requires President to set criteria for full graduation of advanced developing countries (including Hong Kong, Korea and Taiwan) within 90 days, and to graduate such countries within 2 years.